

Opening Remarks – 21st October 2021

Minister of State, Hildegard Naughton T.D. at Select Committee

General opening

Thank you for the opportunity to present the 2020 Estimate for the Department of Transport today.

Taking Transport first, the Committee will be aware, the Estimate is in fact a further revised Estimate, published in September 2020 to take into account the significant and ongoing disruption to a number of services caused by the Covid 19 crisis. As a result, from time to time, I will make a distinction between the budget planned for core services and investment, and additional funding provided in two areas: emergency Covid funding and July Stimulus 2020 funding. The reason for this is to make a distinction between the general trend of services and investment in the budget and temporary expenditure that to a large degree will be unwound in the coming years, once the crisis eventually abates.

In addition, the endpoint of Britain's trade negotiations with the EU is fast approaching. We will learn what the UK's post-Brexit relationship will be with the EU for the foreseeable future. This continues to present the risk of an additional transport crisis, impacting principally on the aviation and road haulage sector. Once again, as we approach a Brexit deadline, interconnectivity will be at stake and we need to be prepared for the impact of the outcome of trade negotiations on aviation, on road haulage, land bridge and the export and import of goods to the island. My Department has diligently worked on these matters right throughout 2020, at three different levels (i) ensuring Ireland's

connectivity priorities form part of the EU negotiating mandate (ii) working with colleagues in DFA to ensure that the EU Commission is fully aware of Ireland's contingency needs should a deal not materialise and (iii) putting our readiness preparations in place for 1 January – all this despite the greater crisis represented by battling Covid 19.

The set of Transport Estimates before you provides an overall gross allocation to the Department of Transport, of over **€3.05 billion**. We are using the funding to provide ongoing services, protect services which are impacted by the Covid 19 emergency and to continue to invest in maintaining existing infrastructure, as well as continuing to develop new infrastructure with a focus on climate change.

This funding for 2020 represents a **€1 billion** increase on our investment levels for 2019, of **€2.045 billion**. Each of the Department's three programmes share the funding to some degree, with the bulk going to the Land programme.

In line with the Central Exchequer guidance in advance of the 2020 budget, the Department had prudently stayed largely within its existing level of expenditure for current expenditure. Of the three programmes, Aviation, Land and Maritime, there had been a small increase in investment in National Roads Maintenance, with **€8m** secured in the budget and an additional **€1.2m** in Public Service Obligation funding for public transport, to support the transport requirements for Ireland's share of matches in the Euro 2020 finals.

Capital increased from **€1,844m** to **€1,981m**, more or less in line with the profiled capital ceiling for 2020, as set out in the five year capital ceilings underpinning Project 2040. The Department re-profiled **€125m** from its capital ceiling, without affecting progress on planned projects for 2020, to assist the

exchequer reach a balanced budget. At the start of 2020, early indications and expenditure returns for the first two months of the year showed expenditure largely on track, with an underspend in the PSO budget in particular indicating that fare revenue was still rising in PSO services; though it was forecast by the National Transport Authority to plateau as the year progressed and services reached maximum capacity on the public transport network.

The advent of the Covid 19 crisis and the commencement of the lockdown on 12th March had an immediate impact on public transport services. Public health guidelines meant that capacity was restricted on public transport to 25% of maximum capacity, rising to 50% when the initial phase of the crisis passed. The impact on fare revenue and on the cost of PSO services to run the transport network was immediate. The National Transport Authority estimated that a shortfall of **€460m** would emerge before the end of the year. As the allocation for PSO for 2020 was **€303m**, this meant the prospect of the entire PSO budget, which constitutes **54%** of the Department's total current budget, would be spent by July. On **4 June 2020**, based on the advice of the National Transport Authority and the Department, the Government sanctioned an additional allocation of **€460m** for Public Service Obligation Expenditure.

The crisis had an impact in three other areas: commercial bus services, maritime transport services and the refund and repatriation of travellers. Commercial bus services suffered the same impact as PSO providers to such a degree that their viability was threatened. The Government decision of **25th June 2020** approved up to an additional **€100m** in funding on a temporary six month basis. The 2020 tranche is being drawn down from the main emergency PSO allocation.

The collapse in passenger numbers also affected ferry services. Ferry services don't just ferry passengers; they are also key transporters of goods and cargo

and are integral part of our national supply chains. The collapse in passenger numbers threatened the viability of the combined passenger and freight services, in turn threatening the stability of the supply chains. In response, on **7th April 2020** the Government sanctioned **€15m** in PSO support to certain key ferry companies to assist the companies through the crisis.

The crisis has severely impacted the Aviation Sector. One of the earliest manifestations of stress in the Aviation Sector was in the Tour Operator market, which, although not strictly an Aviation matter, is in practice bound up heavily in aviation through flight bookings as part of holiday packages. Under **EU Directive 2015/2302** passengers are entitled to refunds for packages and the cost of repatriation to Ireland. The Government sanctioned €15m to meet the costs of repatriating or refunding customers affected by the collapse of tour operator businesses.

As well as the emergency funding outlined above, the Government sanctioned additional funding as part of the July Stimulus package. Additional capital formed the bulk of the stimulus, the Department receiving **€113.5m** in capital and **€2m** in current funds. The capital was targeted at ready to go projects, in line with the Department's overall investment strategies, with a jobs rich component. The current expenditure was used to finance the commencement of additional bus services.

In addition to the emergency funding outlined above, my Department continues to provide essential ongoing Maritime and Aviation Services, and invest significant funds in road, aviation and maritime safety. My Department is also a key driver of Project 2040 and, despite the current crisis, we cannot lose sight of the long term strategic priorities, represented by Project 2040. Indeed, one positive development in 2020 is that there has been little substantive delay to

major projects already under construction, despite the shutdown of construction sites at the height of the lockdown.

Project Ireland 2040 recognises the role played by our ports and airports in the international connectivity of our island nation. The importance of interconnectivity, and the reliance on interconnectivity have been starkly highlighted by the crisis.

Project 2040 is very focussed on moving towards a fundamental transformation on how people work, live and move in an environmental context through better integration of towns and cities and more sustainable forms of transport. I have intensified this focus since my appointment as Minister. My Department has a number of sustainable transport projects within its remit that are funded in 2020, particularly BusConnects, Dart Plus and Metrolink. These, alongside the replacement of existing diesel buses and commuter trains with hybrid models, will see a steady move away from modes of transit that rely on carbon based fuels and are too reliant on the private car; to a public transport system that is capable of being powered by renewable sources of energy. Of course, public transport accounts for less than 5% of land transport CO₂ emissions. That is why my Department also actively promotes the growth of EVs in the private car market.

I/Minister of State Hildegard Naughton will now briefly go through the three programmes of investment in my Department and the funding levels and plans we have for 2020.

Civil Aviation Programme – A

Direct investment in aviation during 2020 will be roughly €52 million and this represents just over 1.7% of the expenditure in my Department. Much of the

work we do in this programme involves working with regulators and international partners. The international commercial nature of air travel means that my Department's involvement in investments focusses mainly on regional access. Regional airports have faced particular stresses in 2020. Therefore the key priority for investment in the aviation programme over the short to medium term is to support the regional airports and ensure their continued viability. In 2020 the regional airports programme was allocated **€22.3** million. Steps have been taken in the 2021 budget to provide further support.

€10.2 million was allocated to cover costs associated with our membership of Eurocontrol, and to cover costs incurred by the Irish Aviation Authority for certain services and subscriptions to international organisations.

The 2020 estimates in the Aviation Programme also contain a new budget line, not present in the 2019 estimates, with **€15** million allocated for the repatriation or refund of passengers affected by the collapse of Tour Operators.

Land Transport - B

The Land Transport programme, Programme B, which is the largest programme by far in my Department's Vote, representing about **94%** of our overall budget, will increase this year by over **€599** million or **26%** to **€2.9** billion.

Most of that increase is a step up in investment in our roads and mass transit services. The main components of the programme are:

- public service provision payments at **€766** million (PSO)
- roads improvement and maintenance funding with an overall budget of just over **€1** billion
- **€115.250** million in additional funding is allocated in July Stimulus funding.

- the public transport investment programme at **€805** million
- The Active Travel programme, which constitutes Smarter Travel measures, cycling, walking and greenways at **€128.6** million, which constitutes **€76.6** million in initial funding, supplemented by **€52** million from the July Stimulus package
- The programme also includes provision of **€7.750** million towards the Carbon Reduction Programme and
- operating costs of the National Vehicle Driver Licencing system at just under **€22** million. This system helps us to collect motor taxes and fees such as toll fees on the M50.
- In addition, **€81** million is provided for the main investment agencies, TII and the NTA.

Public Transport – B

The most significant current expenditure allocation is **€766** million to Public Transport PSO funding. We will continue to strongly support the delivery of these socially necessary but financially unviable services throughout the country. This constitutes **€306** million in existing level of service funding for 2020 and **€460** million in emergency funding to meet the cost of the reduction in fare revenue. As the NTA forecast that not all the **€460** million will be required in 2020, a portion of the funding is sanctioned to support key services provided by commercial bus companies on a temporary six month basis.

In 2020, we again allocated investment to protect the quality and value of our existing public transport networks. **€200** million in funding being made available in 2020 to Irish Rail in its role as infrastructure manager continues to be at the ‘steady state’ level as measured on an annual basis.

We have commenced the transition to a hybrid bus fleet, as part of the ongoing fleet replacement programme. We are progressing plans to expand and upgrade the rail fleet, the commuter element of which will also commence a transition to dual battery / electric in the coming years.

The expansion of capacity on the Luas is well advanced, with **26** tram extensions planned for 2020 and **8** new trams purchased.

We continue to guide BusConnects, MetroLink, and DART Plus, through the planning and design process

We are also committed to on-going retro-fitting of older existing public transport facilities to improve their accessibility features. Accessibility is built into new projects and new assets as part of the integral design.

We have provided significant funding for active travel measures, for greenways and dedicated urban cycle ways. We have utilised the July Stimulus funding element in particular to support active travel measures throughout the country. Some of this funding has been used by local authorities to introduce wider pavements and new cycle lanes to provide alternative means of sustainable transport, given the reduced capacity on the public transport network.

Additionally, Rural Transport services that respond to local needs have also increased and we have provided an additional **€2m** in funding for the launch of new services in **2020**.

We continue to target new and innovative ideas to help decarbonise the transport sector, including pilot initiatives for low emission technologies and

incentives to encourage the national taxi fleet toward greener fuels and private car drivers toward electric vehicles. We have provided **€1.5** million in funding to support the introduction of more EV charge points at transport hubs nationwide and **€250** thousand in July stimulus funding to provide EV grants to local taxi service providers.

Roads – B

Approximately **€1.128** billion is available for the Roads Improvement and Maintenance Programme. With this we will continue to provide grant support for the National, Regional and Local Road networks. This investment will be used to:

- maintain and renew the national, regional and local road surfaces (total network is some 99,000 km);
- meet our contractual obligations under Public Private partnerships that delivered parts of our Motorway network
- Maintain Motorways in safe and usable conditions
- undertake safety works and bridge maintenance and rehabilitation;
- carry out improvement schemes across the country on some minor roads;
- undertake essential routine maintenance e.g. signing and lining, verge maintenance and preparatory winter maintenance

With our partners in Transport Infrastructure Ireland and various Local Authorities, we are progressing a number of major Project Ireland 2040 projects during the course of 2020, including:

- Coonagh/Knockalisheen Distributor Road
- Westport to Turlough
- N8 Dunkettle scheme will commence construction
- Sligo Western Distributor road

There is also additional funding in the July Stimulus to undertake climate proofing on our roads.

Road Safety

Road Safety is something which is of paramount importance and our support for the operations of the Road Safety Authority and the Medical Bureau of Road Safety will continue. There are significant driver theory testing and driver testing backlogs at the Road Safety Authority due to the shutdown in the Spring, with social distancing measures being an additional complication for the driving test. We are continuing to monitor the situation in conjunction with the Road Safety Authority. The Road Safety Authority is primarily self-financed and is continuing to meet its statutory obligations without requiring support funding in 2020.

Maritime - C

Other essential safety investments that we make as a Department are seen across the work of the Irish Coast Guard. They are funded through our Maritime Transport and Safety Programme, Programme C.

Funding for the Maritime Programme in 2020 is at **€118** million or **4%** of the Vote. Most of that funding is directed to the Irish Coast Guard and the main cost here relates to the Search and Rescue Helicopter contract. The programme also funds the Commissioners for Irish Lights who operate buoys and lighthouses and keep seafarers and their cargoes safe while in Irish waters. We also cover various administrative costs associated with the Irish Maritime Administration. It is also important to note that we will be continuing the Coast Guard building programme to ensure that the volunteers have adequate facilities for their

operations and equipment and we are investing in I.T. infrastructure to enable the teams to further enhance how they work together.

An additional line with €15 million in funding has been added to the for 2020 REV in order to provide temporary PSO support to ferry companies and ensure that supply chains are protected. I now expect that only a third of this funding will be required in 2020 and additional funding is not required as being forecasted in 2021.

Conclusion

To conclude, in 2020, we will have built on progress of recent years, we will push our transport strategies forward and we will continue to build and prepare for construction of a more mobile and connected country. We will continue to provide necessary support to alleviate pressure in public transport arising from the Covid 19 crisis. We will monitor supply and demand in the transport network closely in order to generate up to date forecasts, based on ongoing public health measures. We will place increased emphasis on the importance of active travel and on improving pedestrian and cycling facilities throughout the country.

I am more than happy to answer any questions in relation to the 2020 estimate of expenditure and investment for the services provided by my Department and our partner organisations.

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